



Woodrow Wilson
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for Scholars



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Over the last five years, Brazil has emerged as a key player in the international arena, adopting positions that have commanded increasing attention from the United States. Brazil's strong democracy has become a role model for the region and positive macroeconomic indicators have reassured markets, renewing investor confidence in the country. On the multilateral stage, Brazil has emerged as a leader in trade negotiations and as an advocate for more balanced

BRAZIL'S INTERNATIONAL PRESENCE GROWS

security and trade relations between developed and developing countries. In his first public address in Brazil, Ambassador John J. Danilovich recognized this rising influence, applauding Brazil's emergence as a leader in both the Western Hemisphere and the world.



In this age of global challenges, Brazilian leadership is promoting the interests of developing countries both in security and trade, consistently advocating balanced, multilateral decisions for the region and the world.

Brazil has been a strong supporter of United Nations reform, aiming to enhance the organization's effectiveness and relevance in the post-Cold War world. Brazil's candidacy for a permanent seat on a broadened U.N. Security Council is rooted in its prominence among developing countries and its record as a defender of peaceful, negotiated solutions to conflict. Underscoring its commitment to democracy, Brazil was swift and diplomatically effective in its efforts to avert political crises in Uruguay, Paraguay, Bolivia, and Venezuela. The nation forged ahead in Haiti, accepting command of an international peacekeeping force to which it had contributed 1,200 troops.

Brazil has also been very active in trade negotiations, in an effort to reduce protectionist

distortions. During the Doha Development Round, Brazil provided critical leadership for the Group of 20 developing nations initially

FACILITATING COMMUNICATION AND UNDERSTANDING BETWEEN AMERICANS AND BRAZILIANS

leading opposition to the proposed extension of the WTO "peace clause" that could have kept the issue of agricultural subsidies off the table indefinitely. Subsequently, in Geneva, Brazil helped jump-start stalled negotiations, supporting continued discussions based on the goals defined in the Doha agreement. Consistently among the top 15 trade partners of the United States, Brazil has also assumed guiding roles in negotiations within both MERCOSUL and the Free Trade Area of the Americas.

Brazil's presence in the international arena has been characterized by an emphasis on principled and carefully considered positions designed to maximize the country's potential

DIRECTOR'S NOTE

and future world standing. Brazil's progressive activism has transformed it into a variable to be carefully taken into account in all hemispheric and global strategic calculations.

This changing role has added fresh, exciting, and yet largely unknown dimensions to the U.S.-Brazilian relationship. Providing quality information and reflection on Brazil and on its relationship with the United States for a diverse audience, *Brazil @ The Wilson Center* facilitates

DESIGNING PROGRAMS, DISCUSSING ISSUES, DIS- SEMINATING RESULTS

mutual awareness and aids in the development of new opportunities for interaction and exchange.

Over the past two years *Brazil @ The Wilson Center* has developed and hosted more than 20 meetings on a wide scope of critical issues, including economic development, trade, science, technology, environment, and the social

impact of public policies. The project has organized events including high-level working group meetings, such as the series on president Lula's rise to power; large-scale public meetings, several of which incorporated dignitaries and audiences teleconferenced from multiple locations; and programs of direct engagement, the most recent of which hosted Brazilian lawmakers in Washington to engage with their American counterparts on trade issues. As project Director—and in another indicator of our success—I accepted over a dozen invitations to lecture on our work in various American and Brazilian cities, and participated in over twenty radio and television interviews.

Public response has been excellent and the project has received frequent positive and supportive feedback. We have amplified the impact of our programs by disseminating information in a variety of media and outlets, presenting current reports in the *Thinking Brazil Update*, in-depth issue coverage in *Thinking Brazil*, and comprehensive analysis, as in the recently pub-

GUIDANCE, DEVELOPMENT AND PROSPECTS FOR THE FUTURE

lished *Mercosur and the FTAA*. The project website has been a high-traffic hub providing relevant information on current and past activities as well as heralding forthcoming initiatives.

Finally, I am pleased to note that Brazil's Ambassador to the United States, Roberto Abdenur, has proffered his enthusiastic support and is vigorously participating in our activities. I am also deeply grateful to Woodrow Wilson Center President Lee H. Hamilton and Latin American Program Director Joseph S. Tulchin; without their guidance and decisive engagement, *Brazil @ The Wilson Center* would not be a reality. Under the leadership of our recently installed co-chairs Ambassador Anthony S. Harrington and Alain Belda, we are completing the nomination of our Advisory Board, which will provide us with keen guidance and support in the years ahead.

DR. LUIS BITENCOURT
Director

EVENT SUMMARIES

UNMASKING PROSPECTS FOR BRAZIL'S NEXT PRESIDENTIAL ADMINISTRATION

October 31, 2002

The Brazilian presidential election captured an unprecedented level of attention from the international community. **Susan Kaufman Purcell**, Vice President of the Americas Society/Council of the Americas, and **Simon Schwartzman**, Director of the American Institutes for Research in Brazil, led a spirited debate on the prospects for Lula's administration. Kaufman Purcell identified the renegotiation of state debts, the implementation of programs for the poor, and the garnering of support from a divided Congress as three key challenges for the new administration. She also stated that a key issue in the bilateral agenda would be Lula's negative position towards the Free Trade Area of Americas (FTAA).

Although Lula had looked more favorably on Mercosul, Susan noted that Brazil should not expect too much from this common market initiative. She said that there might be some room for negotiation regarding the FTAA. Simon Schwartzman stated the PT should have the political latitude to pass a new industrial policy and would be in a good position to change anachronistic labor laws, adding that such reforms would likely halt privatization programs. Simon added that indicators of Lula's direction will be his position on three important issues: the renegotiation of state-level debt, the reduction of interest rates, and an increase in both the minimum wage and the salaries of civil servants.

BRAZIL AT A CROSSROADS: DOUBTS AND ASSURANCES REGARDING LULA'S ADMINISTRATION

November 5, 2002

Carlos Thomaz, lawyer and author of *Brazil at a Crossroads: An Evaluation of the Economic,*



Simon Schwartzman
Margaret Keck



Alexandre Barros

Political and Social Situation, examined the daunting challenges which awaited Luis Inácio “Lula” da Silva upon his inauguration. Lopes underscored the significance of Lula’s victory, but cautioned that several promises he made while campaigning would be very difficult to fulfill. Lopes recommended an agenda organized according to four principles: achievability, simplicity, quantifiable results, and communication. **Margaret E. Keck**, professor of political science at The Johns Hopkins University, said that the most evident and immediate political challenge for Lula would be to govern without the benefit of the broad powers granted by *Medidas Provisórias* (Provisional Decrees) recently banished by Congress. **Eliana Cardoso**, economist and visiting professor at Georgetown

University, reported that the transition team had successfully calmed financial markets, but offered warnings about the critical situation of the Brazilian economy, which she attributed to bad economic policies adopted between 1994 and 1998. **Paulo Sotero**, Washington correspondent for *O Estado De São Paulo*, contended that Brazilian circumstances and the history of Lula and the PT meant that the evolving Lula administration could not be compared to that of Tony Blair or Felipe Gonzales. Paulo also noted that in order for the United States to conduct successful negotiations with Brazil concerning the implementation of the Free Trade Area for the Americas, it would need to demonstrate a genuine interest in Brazilian concerns and reduce protectionism.

PROGRESS AND PROSPECTS: 75 DAYS OF LULA

March 19, 2003

Political scientist and risk analysis expert **Alexandre Barros** discussed Brazilian President Luis Inácio Lula da Silva’s first 75 days in office. He surmised that the central challenge for Lula’s administration would be to transmit confidence to foreign financial markets, demonstrating respect for existing contracts while simultaneously addressing social needs, trimming public expenditures, fighting corruption, reducing the debt burden, and promoting economic growth. Consequently, during the first

days of his administration, Lula had adopted a rather orthodox set of economic policies similar to those put in place during the previous administration. According to Barros, “there is nothing more similar to a conservative than a liberal in power.” He felt that criticisms of Lula’s efficiency, ego disputes, and the possible radicalization of some factions of Lula’s *Partido Trabalhadores* (PT) could become red flags in any analysis or predictions regarding this administration. Mr. Barros highlighted several critical

issues—including privatization, deregulation, social expenditure, growth and debt, and friction in Brazil-U.S. trade relations—as areas of uncertainty early in the Lula administration. However, Barros was optimistic about Brazil’s future, saying that Lula’s campaign and the first steps of his administration had been surefooted. Moreover, he considered the entire electoral process representative of a true revolution in Brazilian politics, forcing observers in Brazil and abroad to view the country in a new light.



BRAZIL AND THE UNITED STATES IN A CHANGING WORLD: POLITICAL, ECONOMIC, AND DIPLOMATIC RELATIONS IN REGIONAL AND INTERNATIONAL CONTEXTS

June 4, 2003

In conjunction with The Brazilian Embassy in Washington and the Brazil Information Center, *Brazil @ the Wilson Center* hosted a daylong seminar on Brazil-U.S. relations.

The opening panel discussed relations in historical perspective, taking a long view of socio-historical change. Ambassador **Lincoln Gordon** of the Brookings Institution, **Paulo Roberto de Almeida** from the Brazilian Embassy, **Thomas Skidmore** of Brown University, and **Eduardo Viola** of the University of Brasília discussed bilateral trade initiatives and disputes in the current U.S. - Brazil relationship.

A second panel discussed parallel paths of economic interdependence, examining historical and contemporary socio-economic development within a comparative framework. **John DeWitt**, a long-time Foreign Service Officer and adjunct professor at the University of Florida, presented his views regarding the similarity of socio-economic development in Brazil and the U.S. South during the 18th and 19th centuries. **Eliana Cardoso**, a visiting scholar at Georgetown University, compared economic policy and growth in Brazil during

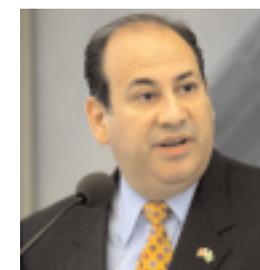
the last century with that of South Korea. **Joseph Love** (University of Illinois, Urbana) and **Marshall Eakin** (Vanderbilt University) provided comments.

During a luncheon speech, U.S. Permanent Representative to the OAS Ambassador **Roger Noriega** described U.S. policy towards Brazil and Latin America under President Bush. While emphasizing the strong need for pragmatism in bilateral relations, Noriega noted that both states are highly supportive of a multilateral trade agenda.

Building on the themes discussed by Noriega, an afternoon panel addressed regional trade issues and related hemispheric/multilateral negotiations. **Jeffrey Schott** of the Institute for International Economics discussed the challenges to a liberalization of trade between Brazil and the United States. In a similar vein, Brazilian Ambassador **Rubens Barbosa** argued for continued and balanced dialogue on trade issues, while also highlighting the difficulties of negotiating the FTAA within the rules and guidelines set forth by the WTO. Representing the Inter-American Development Bank and the Pontifical Catholic University of Rio de Janeiro, **Marcelo**

de Paiva Abreu contrasted the political obstacles in Brazil and the United States which have hindered economic integration.

A final panel, Prospects for Bilateral Relations in 2003 and the Future, discussed the new presidential administration of Luis Inácio Lula da Silva and its relations with President Bush and other major world partners. **Peter Hakim** of the Inter-American Dialogue argued that “neither the U.S. nor Brazil has ever found their relationship [to be] satisfactory.” **Thomaz Guedes da Costa** of the National Defense University disagreed with Hakim’s evaluation, noting that Bush and Lula have much in common. **William Perry** (William Perry & Associates) indicated that both Bush and Lula are practical pragmatic



top left: Eliana Cardoso
Rubens Barbosa, Marcelo de Paiva
Roger Noriega



leaders, and that any idealistic notion of continual and harmonious bilateral relations between the two states is unrealistic and harmful to useful policy formulation. **Maria Regina Soares de Lima** (*Instituto Universitario de Pesquisas do Rio de Janeiro*) emphasized the many cultural linkages between the two countries as an example of a growing Brazil-U.S. convergence in the post-Cold War era. **Luis Bitencourt** (Wilson

Center) underscored the panel's emphasis on practical policy formulation, an indication that a workable view of future relations can be constructed within Brazil and the United States.

Luiz Fernando Furlan, Brazil's Minister of Development, Industry & Foreign Trade, concluded the conference emphasizing his commitment to improve exports and implement social security and reforms by the end of the year.

BRAZILIAN ENVIRONMENTAL POLICY UNDER LULA

May 1, 2003



Marina Silva
Luis Bitencourt

Brazil's Minister of the Environment, **Marina Silva**, highlighted the holistic approach that Brazilian environmental policy would follow under Lula, stressing the promotion of economic development while respecting and preserving the environment. Silva addressed three broad agendas: "brown," aimed at creating a national solid waste policy that would promote social inclusion and create jobs; "blue," focusing on air pollution, the recovery of rivers and riparian buffers, and including a joint program with the Ministry of Cities to address urban pollution and improve conditions for disadvantaged populations; and

"green," targeting agricultural development while respecting forest conservation. In addressing these agendas, the Ministry of Environment would seek to strengthen the coordination of all environmental policies, apply the concept of transversality to the planning and execution of policy, stimulate the participation of civil society in controlling policy, and implement realistic policies that would not preclude economic development. As Minister Silva stated, "We want a model in which sustainable development will promote the social inclusion of the millions of Brazilians [living below the poverty line]."

ENVIRONMENTAL POLICY UNDER LULA – MONITORING THE AMAZON

August 6, 2003

In the mid-1990s the Brazilian government began installation of the "System for the Vigilance of the Amazon" (SIVAM), an ambitious monitoring system based on information from stationary radars, satellites, and geophysical

monitors. The Center for the Management and Operation of the System for the Protection of the Amazon – CENSIPAM – was established in 2003. It serves as the umbrella organization responsible for management and coordination

of several ministries and governmental organizations involved in monitoring and protecting the region. The Director of CENSIPAM, **Helio Madalena**, summarized the activities of the SIVAM system, reporting that while the system

was not fully operational, it had functioned successfully for air traffic control as well as for gathering a variety of environmental, educational, and health data. Nevertheless, he stressed

that the processing and effective application of information would depend upon the effective coordination of the several governmental organizations involved.

THE INFLUENCE OF RACE AND SOCIAL INEQUALITY ON BRAZILIAN AND AMERICAN CULTURE

August 13, 2003

As the culmination of a long-running program jointly sponsored by Brazil's Ministry of Culture and *Brazil @ The Wilson Center*, three scholars presented their findings after two months of resident research at the Wilson Center. Brazilian Minister of Culture **Gilberto Gil** and his staff also participated by live video-conference from Brasília.

Debora Carrari (Nova Southeastern University) discussed police behavior in the context of racial equality. Using public documents and statistics, she compared police behavior in Brazil and the United States, investigating the structural mechanisms that help perpetuate

racial inequality through discriminatory law enforcement.

Katia Santos (University of Georgia) focused on Afro-Brazilian women and their struggle to gain access to education and franchise in a context of social and racial oppression. By examining literature produced by African-American scholars on issues related to black women and blacks in general, she aimed to discover ways to empower Afro-Brazilians.

Liv Sovik (*Universidade Federal do Rio de Janeiro*) discussed the influence of popular culture on the formation of new identities and the resulting increase in attention paid to the



Debora Carrari, Katia Santos, Liv Sovik, Ron Walters, Luis Bitencourt

margins of Brazilian society. She felt that social limitations stem not only from prejudice against Afro-Brazilians, but also from the elevation of “whiteness” to the top of the social pyramid.

From Brasília, Minister of Culture Gilberto Gil underscored the difficulties of comparing both nations, noting that race relations have taken different paths in each country. **Ron Walters** (University of Maryland) commented that despite major differences, the future in both countries requires the development of policies that “promote, enrich and give citizenship of full meaning to all individuals.”

ECONOMIC ORTHODOXY AND THE LULA ADMINISTRATION

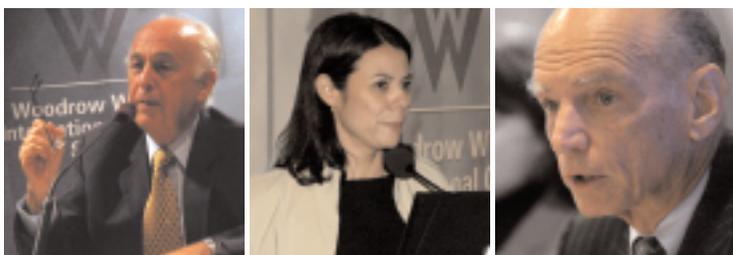
September 11, 2003

Luiz Carlos Bresser Pereira, economist and professor at the *Fundação Getulio Vargas*, analyzed the development of the Brazilian economy over the last few decades, with a particular emphasis on international financial markets. While Bresser Pereira criticized the International Monetary Fund and the Washington Consensus, he did not attribute responsibility for Brazil's economic

difficulties to either. Instead, he insisted Brazil is capable of financing its economic growth domestically. Nevertheless, he maintained that Brazilian authorities accepted the recommendations of the IMF and the Washington Consensus for two reasons. First, he contended, the authorities' “colonial complex of inferiority” drove them to adopt Consensus prescriptions as a

means of building confidence and gaining credibility within the financial markets. Second, economic populism led Brazil to maintain an artificially overvalued currency as well as high interest rates.

Bresser Pereira predicted that Lula's popularity would drop, provoking the administration to change its approach at the cost of credibility



Luiz Carlos Bresser Pereira, Soleny Hamu, Carlos Thomaz

BRAZILIAN MOBILIZATION TO COMBAT CHILD LABOR

September 15, 2003

Over five million children under the age of 16 work illegally in Brazil. Most do so at the cost of their education, and many face health risks from miserable and dangerous working conditions. **Soleny Hamú**, a consultant on child labor issues in Brazil, discussed efforts aimed at the prevention of child labor, recommending education and the integration of state programs as the solution to ending this difficult problem.

Employed in sectors of Brazil's economy with the worst working conditions, children in rural areas face health risks associated with charcoal and fiber production and exposure to

fertilizers and pesticides; in cities, children work in drug trafficking, prostitution, garbage collection, and domestic employment. Hamú discussed the proposed National Policy for the Prevention and Eradication of Child Labor as outlined in six areas based on the ILO Conventions 138 & 182. These Conventions were ratified by the Brazilian government in 1999 and include measures to integrate and systemize data in order to identify strategies to combat child labor, improve family income, encourage sustainable development, maintain effective control and inspection of child labor,

before the international financial system. Bresser Pereira was thus pessimistic about the future of the Brazilian economy. However, it is worth noting that his political affiliations lie with the PSDB (Brazilian Social Democratic Party), defeated in the last presidential election.

guarantee quality education for all children, promote quadripartite institutional action, and analyze the current legal framework. In addition to these six initiatives, various cash transfer programs such as *Bolsa Escola* (School Grants) provide incentives to families to keep children in school by providing a minimum wage salary to families of school-age children on the condition that their children attend school. Hamú noted that integrating various independent programs would prove more effective at reducing the number of children in the workforce.

10 MONTHS OF LULA: PROGRESS AND PROSPECTS

November 5, 2003

Distinguished Brazilian lawyer and author **Carlos Thomaz** discussed the accomplishments and challenges of the Lula administration after 10 months in office. Thomaz highlighted some of Lula's achievements, including reduction of the public debt, low inflation, and the free flow of capital, all of which had been

accomplished while maintaining the primary surplus agreed upon with the IMF. In the political realm, Lula passed important pension and tax reforms, and succeeded at coalition building. Economic and political accomplishments were tempered, however, by tepid progress in the social realm. *Fome Zero* (Zero Hunger), the PT's

flagship program, was slow to take off and had only shown dubious results thus far.

Thomaz felt that the challenges facing the administration were similar to those faced throughout Latin America: economic stability, poverty reduction, and political maturity. In the social realm, Lula's *Partido Trabalhadores* (PT) was

only marginally successful, and the government has been accused of cronyism and bureaucratic confusion. According to Thomaz, the most immediate challenges for Lula were twofold: to contin-

ue to work for reforms (social security, tax, labor, and politics), and to centralize the coordination of various social programs. He suggested that the best way for the administration to face these chal-

lenges would be to focus on realistic goals and eliminate as much red tape as possible, emphasizing good communication in order to maintain the popular support critical for pending reforms.

MERCOSUR AND THE CREATION OF THE FREE TRADE AREA OF THE AMERICAS

On February 26, 2004, the Latin American Program and The MERCOSUR Economic Research Network (RED MERCOSUR) co-sponsored an all-day conference on trade issues, which coincided with the launch of an English language edition of a book on the topic.

Speakers on the opening panel discussed trade liberalization strategies, and **Marcel Vaillant**, *Universidad de la República* - Uruguay, presented an overview of the aforementioned book. Vaillant also emphasized the importance of U.S. – Brazil bilateral relations in light of both countries' roles as co-chairs of the negotiations. **Silvia Leans**, *Centro de Investigaciones Económicas* - Uruguay, focused on the impact of the FTAA on MERCOSUR countries, specifically assessing the welfare effects associated with the complete elimination of trade barriers.

A second panel discussed state perspectives, with **Karen Lezny**, U.S. Trade Representative, underscoring the complex challenge of designing a comprehensive trade agreement among countries with enormous asymmetries. She advocated a renewed focus on the development of modern services, technology, and govern-

ment procurement. **Alejandro Casiró**, Argentine Embassy, Washington, D.C., emphasized the importance of MERCOSUR as a negotiating platform for the FTAA. A common southern market would represent more than improved trade for Argentina and its neighbors; it would be an extraordinary political and strategic accomplishment. Casiró also underscored the need to analyze the FTAA process in the context of other world trade agreements. Given the regional trade structure, agriculture continues to be the main issue for both Argentina and MERCOSUR in terms of market access, export subsidies, and economic sustainability. Building on Casiró's comments, Ambassador **Rubens Barbosa**, Brazilian Embassy, Washington, D.C., explained the strategic nature of MERCOSUR for Brazil, which favors a balanced and comprehensive FTAA. Barbosa observed that the United States had altered its approach by pursuing bilateral agreements instead of negotiating multilaterally with the 34 countries. He expressed additional concerns about U.S. tabling of critical issues such as agricultural subsidies, on the grounds that they were better discussed in the World Trade



Rubens Barbosa, Alejandro Casiró, Karen Lezny

Organization (WTO). Barbosa also contrasted the strategies of former Brazilian President Fernando Henrique Cardoso—for whom Brazil's final participation was contingent on the outcome of the negotiations—with current President Luis Inácio “Lula” da Silva's commitment to step-by-step negotiations.

The third panel discussed sectoral perspectives, addressing the applied industrial dimension of the goods and services sector. **Andrés López**, *Centro de Investigaciones para la Transformación-Argentina*, focused on the petrochemical industry, highlighting the major increase of intra-industry and intra-regional trade in the sector. **Julio Berlinski**, *Instituto*

Torcuato Di Tella-Argentina, stressed the importance of the relationship between goods and services, recommending further study of the effects of liberalization and deregulation on the competitiveness of traded goods. Discussing the differential patterns of openness in MERCOSUR countries, **Sherry Stephenson**, Trade Unit-Organization of American States, suggested increasing transparency in the service sector to allow more effective analysis of progress achieved. Finally, **Salazar Xirinachs**, Trade Unit - Organization of American States, championed the importance of furthering sectoral

research by increasing linkages between academic projects and practitioners.

During a final panel, **Carol Wise**, University of Southern California, addressed the political economy constraints of the negotiation, focusing on the U.S. position. Describing the asymmetries between the United States and MERCOSUR countries, Wise classified the relationship as one of “hegemonic obstructionism.” **Fernando Masi**, *Centro de Análisis y Difusión de la Economía* - Paraguay, described the various positions of MERCOSUR countries *vis-à-vis* FTAA negotiations, presenting alterna-

tive scenarios to integration. For Masi, the success of more ambitious accords will depend on the ability of the United States and Brazil to agree on a mutually beneficial trade liberalization strategy as well as the capacity of Argentina and Brazil to redefine MERCOSUR’s role in the larger regional integration scheme. Finally, **Alvaro Ons**, *Universidad de la República* - Uruguay, described the methodology that RED MERCOSUR had developed to identify the most problematic sectors under negotiation, utilizing a selected set of goods to track welfare and political economy effects.

SOWING THE SEEDS OF SUSTAINABILITY: BRAZIL’S NEXT AGRICULTURAL REVOLUTION

February 6, 2004

In light of the essential importance of agriculture for the world’s growing population and the need to improve the sustainability of current food production systems, *Brazil @ the Wilson Center*, in cooperation with Embrapa, the joint U.S.-Brazil USDA ARS/LABEX research program, and the Wilson Center’s Environmental Change and Security Project addressed these important issues at a February 2004 meeting.

Dirceu Gassen, manager of the Brazilian agricultural cooperative *Cooplantio*, discussed the application of no-tillage agriculture in Brazil, where since the 1970’s, the method has been increasingly used with notable success. According to Gassen, the benefits of this methodology are: a 96 percent decrease in the

rate of soil erosion, a 60 percent reduction in fuel needs, reductions in equipment and fertilizer needs, significantly less crop-tending time, increased microbial activity in the soil, and improved water infiltration and retention. This approach is also environmentally friendly as emissions of the greenhouse gas carbon dioxide (normally associated with tillage) are minimized; moreover, the surface level organic matter (detritus from previous crops) left in place reduces water runoff and pollution while increasing the soil’s nutrient retention.

The United States and Brazil are clearly at the forefront of advancing agricultural technology and are positioned to play decisive roles in the future of agricultural production and agribusi-



Mauricio Botelho, Roberto Abdenur

ness in the Western Hemisphere. Despite their roles as competitors, their ability to share experiences and design cooperative strategies aimed at research and development will profoundly affect the future of this vital sector.

EMBRAER: BUILDING A GLOBALLY COMPETITIVE COMPANY

May 4, 2004

Maurício Novis Botelho presented the remarkable story of Brazilian aerospace manufacturer Embraer to the Brazil Working Group. In his role as President and CEO, Botelho has guided Embraer to its current position as the fourth-largest aircraft manufacturer in the world and one of Brazil's largest export companies, with an important market share in the 30- to 110-seat aircraft segment.

Embraer's participation in the bilateral trade agenda between the United States and Brazil

has been particularly significant: the United States produces 73 percent of Embraer's aircraft components but is also the primary importer of Embraer planes. In 2003, Embraer had a net revenue of over 2 billion US dollars, 95 percent of which was from exports. Currently, the company provides civil and defense aircraft to 58 countries on five continents.

Embraer's strategy is grounded in the use of top-of-the-line components and a well-trained workforce. Botelho explained that the compa-

ny's success had derived from a capacity to identify market niches and design aircraft that simultaneously optimized costs, range, and seat availability. After suffering an initial reduction in the demand for its aircraft following September 11, 2001, Embraer discovered a new market niche for the streamlined, mid-size aircraft it was already poised to offer. Botelho foresaw a market for 8,450 30- to 120-seat jets through 2023, and felt that his company was well positioned to fulfill most of that demand.

NUCLEAR NONPROLIFERATION AND DISARMAMENT: A BRAZILIAN PERSPECTIVE

May 14, 2004

In partnership with the Wilson Center's Division of International Studies and the Los Alamos National Laboratory, Brazil @ The Wilson Center examined recent international attention and misperceptions surrounding Brazil's nuclear program. Brazil's Ambassador to the United States and former representative to the International Atomic Energy Agency (IAEA) **Roberto Abdenur** framed contemporary concerns in the context of Brazil's nuclear history, in which an advanced nuclear sector has developed in tandem with the government's accession to the nonproliferation treaty (NPT) regime.

Article IV of the NPT provides for access by non-nuclear weapons states to nuclear technolo-

gy for peaceful purposes (such as energy generation). The U.S. fear has been that some signatory states, notably Iran and North Korea (and Iraq under Saddam Hussein) have exploited the Article IV provision in order to acquire technology and fissile material for a clandestine nuclear weapons program. Against this backdrop, the Bush administration was pushing for limitations on access to nuclear fuel cycle technology and for the adoption of a heightened IAEA inspection regime. Ambassador Abdenur stated that, contrary to some press reports, the question was not whether Brazil would accept safeguards for the new uranium enrichment facility at Resende, but rather how they will be implemented.

The challenge, according to Abdenur, will be to strike a balance between the IAEA's responsibilities and Brazil's legitimate right to protect proprietary commercial information related to its centrifuge technology. He also felt that in addition to focusing on Article IV, the United States and the other nuclear weapon states recognized by the NPT should do more to fulfill their commitment under Article VI to achieve nuclear disarmament. Ambassador Abdenur argued that developments such as the Bush administration's Nuclear Posture Review document, which underscores the continued utility of nuclear weapons, appear to erode that commitment.



José Gomes

ENVIRONMENT, DEVELOPMENT AND SUSTAINABILITY: 50 YEARS IN THE AMAZON WITH INPA

June 21, 2004

The largest scientific research organization in the Amazon basin, the *Instituto Nacional de Pesquisas da Amazônia (INPA)* was created with the purpose of scientific examination of the environment and the conditions of life of Amazonia. Taking into account human welfare, culture, economics and national security, INPA generates, promotes and disseminates scientific and technological knowledge for environmental conservation and the sustainable development of natural resources. In a meeting co-sponsored with the Wilson Center's Environmental Change and Security Project and The John Heinz III Center for Science, Economics and the Environment the Director of INPA **José Antônio Alves Gomes** discussed his organiza-

tion's role in the progress of sustainable development in the Brazilian Amazon as well as the Institute's plans for the future.

Working with local communities to implement projects that make use of the Amazon's resources without depleting them, INPA has introduced goods from the region including new food products, juices, cosmetics, pharmaceuticals, and various wood products. INPA has ambitious plans to improve its administration, facilities and overall impact in the next three years. Gomes reiterated INPA's objective to increase the breadth of knowledge on Amazonian biodiversity, stressing the need for international collaboration in not only developing the economic potential of the region but conserving its resources as well.

LEGISLATURES TRADE AND INTEGRATION: REGIONAL INITIATIVES IN THE AMERICAS

In the summer of 2004 the Wilson Center's Latin American Program and Brazil @ The Wilson Center, with support from the Inter-American Development Bank, hosted a delegation from the Brazilian Congress. Seven Brazilian Representatives and one Senator, who all hold leadership positions in Brazil's Congress, participated in a productive dialogue with American legislators at the Wilson Center

and on Capitol Hill. At an opening reception **Roberto Abdenur**, Brazilian Ambassador to the United States, noted that this was the most senior and significant delegation from Brazil's Congress ever to have visited Washington. Inter-American Development Bank President **Enrique Iglesias** underscored the importance of this exchange, expressing his strong support for this program and future initiatives.

The program provided both Brazilian and American lawmakers with a better understanding of their respective legislative processes and trade negotiations, and offered an excellent opportunity for personal interaction. Designed in two parts, the agenda began at the Wilson Center where the delegation was briefed on the most up to date perspectives on international trade in the United States. Held on Capitol Hill, the second phase of

meetings presented various perspectives on the procedural aspects of trade legislation in the U.S. Congress, as well as opportunities for exchange between Brazilian and American lawmakers.

Opening panels covered regional trade and agreements from the perspectives of international financial institutions and various U.S. stakeholders. Coupled with a presentation made by chief Free Trade Area of the Americas (FTAA) negotiator Ambassador **Ross Wilson**, (Office of the United States Trade Representative - USTR), these panels provided a comprehensive and realistic overview of the regional trade negotiations and their prospects. The varied viewpoints presented during these sessions converged on the idea that trade agreements are not particularly popular in the United States Congress, particularly during an election year. These agreements can be inhibited by congressional polarization, vocal labor unions, and, as **Paul Drazek** (formerly of the USDA) remarked, the growing belief among U.S. farmers that they cannot compete in the global market without assistance. Ambassador Wilson pointed out, however, that these agreements should be considered of vital importance to both the United States and Brazil. As for FTAA prospects he felt that it would be impossible to reach an agreement by January 2005 because of two major hurdles: Brazilian inflexibility on the intellectual property issue, and the United States' changing position regarding market access.

Congressional Staff and the TPA

Continuing with several meetings on Capitol Hill, the Brazilians began by analyzing staff sup-

port and services available for their American counterparts. Speaking directly with American staffers gave the Brazilians a better understanding of the relevance of staff in congressional activities vis-à-vis those in Brazil. **Angela Ellard**, Counsel to the House Ways and Means Committee, explained the role of Congress in trade negotiations— in particular as it pertained to the passage of Trade Promotion Authority (TPA)— while underscoring concerns with the complexities of a “two-track FTAA.” Ms. Ellard and Brazilian Representative **Yeda Crusius** both highlighted an interesting bi-product of the congressional debate to approve the TPA: although the bill was meant to empower the Executive Branch, it also prompted lawmakers to become more involved in trade issues.

Switching gears to the topic of general congressional services, staff from the Congressional Research Service and the Government Accountability Office discussed the roles of their organizations in the legislative process. In debates with political advisors and campaign experts, the Brazilian legislators garnered a new perspective on the manner in which trade negotiations operate in the context of political campaigns in the United States.

Additional events provided opportunities for discussion and exchange with 14 U.S. lawmakers, including Senator **Bob Graham** (D-FL). Senator Graham stressed the importance of economic and trade issues in North-South relations within a broader context defined by social policy and cultural understanding. He highlighted the role of U.S. lawmakers as those ultimately responsible for the approval of trade agreements.



Eduardo Suplicy speaks as delegation members look on.

Brazilian Senator and Chairman of the Committee on Foreign Relations **Eduardo Suplicy** described how his congress is still struggling to attain a more active role in trade negotiations, referencing the TPA's Brazilian counterpart, Senate Bill 189. According to Senator Suplicy, Bill 189, which is currently under debate in the Brazilian Congress, is based on the premise that “Brazilian participation in international trade negotiations should be guided by the premise of using trade for economic and social development.” Suplicy also highlighted the “human aspect” of trade, and suggested models for eradicating poverty and creating wealth.

Congressional Roundtable

The final meeting facilitated an extraordinary exchange of positions between members of both legislative bodies. Chaired by Representative **Cass Ballenger** (R-NC, Chairman of the Subcommittee on the Western Hemisphere of the International Affairs Committee), Representatives



Donald Payne

Thomas Nonô, Luiz Antonio Fleury, Cass Ballenger

Ross Wilson, Anthony S. Harrington

Robert Menendez (D-NJ), **Donald M. Payne** (D-NJ), **Collin C. Peterson** (DFL-MN), **Charles W. Stenholm** (D-TX), and **Jerry Weller** (R-IL) discussed various trade positions. They emphasized the cooperative status of bilateral relations between Brazil and the United States, even in the face of critical disagreements over particular points in the trade agreements.

Opening the session, Ballenger noted that, “A democratic and prosperous Brazil is a necessary part of U.S. interests, and after the meeting between President Bush and President Lula, U.S.-Brazil relations are stronger than ever.” Among the several important issues discussed was the recent decision of the World Trade Organization to condemn subsidization of the U.S. cotton industry. Some of the Representatives present felt Brazil contributed to this decision by reverting to litigation instead of negotiation.

Thomas Nonô, Brazilian House Minority Leader, responded by explaining that Brazil had requested the WTO arbitration only after all efforts at bilateral negotiation were exhausted. “As it was clear that we had failed at the bilateral level, we moved to the multilateral level,” said Nonô. He continued, “We don’t see the WTO as a battleground, but as neutral ground where the position of each side can be examined fairly.”

Brazilian Representative **Luiz Antonio Fleury** pointed out that the Brazilian and U.S. economies are complementary and suggested the formation of an inter-parliamentary group

to promote better understanding and facilitate partnership between the two countries. Fleury emphasized that in order to make bilateral trade relations mutually advantageous, “...we must learn from each other.”

During the final debate, several other important issues unrelated to trade emerged and Brazilian legislators clarified Brazil’s positions on non-proliferation, the environment, Cuba, and human rights. They portrayed Brazil as a strong defender of non-proliferation and nuclear disarmament, implying the need for more assertive positions by the current nuclear powers.

On the environmental front, the Brazilians offered a summary of political and technological initiatives that, despite continued implementation problems, have made Brazil a forerunner in the area of environmental legislation since 1992. The issue of Cuba and human rights was also broached, in light of Brazil’s non-intervention policy that prevents the country from openly criticizing the domestic policies of other nations. The Brazilian delegation maintained that the best strategic policy toward Cuba and Fidel Castro should not be one of isolation and embargo, but instead should promote assembly and engagement with democracies in the region.

During the wrap-up discussion, the participants reemphasized their willingness to continue the inter-parliamentary dialogue and to build on the personal and institutional relationships developed through the program.

NEWS

ANTHONY S. HARRINGTON AND ALAIN J.P. BELDA TO CHAIR ADVISORY BOARD

We are pleased to announce the appointments of **Anthony S. Harrington** former US Ambassador to Brazil, and **Alain J.P. Belda**, President and CEO of Alcoa Inc., who will serve as the American and Brazilian co-chairs of *Brazil @ The Wilson Center's Advisory Board*. With their distinguished contributions to the Brazil – U.S. bilateral relationship and their first hand knowledge of the Wilson Center, Mr. Harrington and Mr. Belda will lead *Brazil @ The Wilson Center* in expanding its role addressing key issues on the bilateral agenda and promoting the exchange of ideas between Brazil and the United States.

Anthony Stephen Harrington is President of Stonebridge International, LLC, an international strategic advisory firm based in Washington, DC, co-founded with former National Security Advisor Samuel R. Berger. Previously, he served as Ambassador of the United States to the Federative Republic of Brazil.

Ambassador Harrington carried out a mandate to upgrade the level of relations between the U.S. and Brazil, arriving at post after almost two years without an ambassador. He worked with a broad range of U.S. companies in addressing concerns related to doing business in the country, and he also actively engaged leaders of Brazilian industry.

In recognition of his accomplishments in U.S.-Brazil relations, the Government of Brazil conferred on Ambassador Harrington the Order of Rio Branco, Grand Cross.

Before serving in Brazil, Mr. Harrington was a senior partner of Hogan & Hartson, a 900-lawyer, international firm based in Washington, D.C., with offices elsewhere in the United States, Western and Eastern Europe and Asia. He currently serves as international strategic advisor to the firm.

Ambassador Harrington was previously Chairman of the President's Intelligence Oversight Board, Vice Chairman of the

President's Foreign Intelligence Advisory Board and a member of the congressionally-created Commission on the Roles and Capabilities of the U. S. Intelligence Community.

Alain Belda became chairman and chief executive officer of Alcoa Inc. in January 2001. He had been president and chief operating officer of the company since May 1999.

Mr. Belda joined Alcoa in 1969 at Alcoa Alumínio, Alcoa's Brazilian affiliate. He held a number of financial and planning positions there until being named president of Alcoa Alumínio in 1979. He later assumed the additional responsibility for all of Alcoa's Latin American operations. In 1982, Mr. Belda was elected a vice president of Alcoa, the parent company. He moved to Pittsburgh in 1994 as executive vice president, subsequently was elected vice chairman in 1995, to president and chief operating officer with responsibility for all operating activities in 1997, and to his most recent position as president and chief executive

in 1999.

In addition to being chairman of Alcoa's

board of directors, Mr. Belda is a director of Citigroup Inc., DuPont and the Ford

Foundation. Mr. Belda also serves on the Business Board of Advisors for GSIA.

FAREWELL AND WELCOME

Brazil @ The Wilson Center extends its gratitude to former Brazilian Ambassador to the United States **Rubens Barbosa**. Barbosa, who recently completed his tenure in Washington, was an ardent supporter of the Brazil Project from its inception, playing an integral part in its conceptualization and acting truly as a driving force

behind its success. Though he has returned to São Paulo to head his consulting firm, we are pleased to announce that Ambassador Barbosa will remain involved in project activities.

We would also like to extend a warm welcome to Brazil's current Ambassador to the United States, **Roberto Abdenur**. Ambassador

Abdenur has worked as a diplomat since 1964, serving previously as ambassador to Austria, Germany, China and Ecuador. During his first few months in Washington, Ambassador Abdenur participated in several events at the Wilson Center. We look forward to working closely with him and the Brazilian Embassy in the future.

VIDEO DEBUTS ON THE WEBSITE

Brazil @ the Wilson Center remains committed to presenting fresh and unbiased information to as large an audience as possible. To that end, in 2004 we debuted streaming video on our website. Users with broadband access can view

meetings live as they are webcast on the website, or view archived productions related to past meetings or seminars. For those who are unable to attend meetings in person, this technology offers an excellent opportunity to ben-

efit from the quality discussion and timely information presented at our public events. Stay tuned in 2005 for more exciting live webcasts and video.



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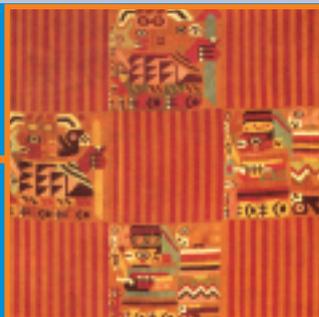
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Brazil @ the Wilson Center

Woodrow Wilson International Center for Scholars
1300 Pennsylvania Ave., N.W.
Washington, D.C. 20004

(202) 691-4282
fax (202) 691-4076
brazil@wwic.si.edu

www.wilsoncenter.org/brazil